Maximizing Your Payroll Processing Efficiencies with Schwab Automated Retirement Processing (SchARP)

Schwab Retirement Technologies® ("Schwab RT") helps its recordkeeper clients ensure their plan sponsors' payrolls are processed and invested as quickly as possible, accurate to the penny, and documented with detailed historical records and reporting. To date, 77% of Schwab RT ASP clients use SchARP Payroll in their operations, processing over 250,000 payrolls in 2013.

Introduced by Schwab RT in 2006, Schwab Automated Retirement Processing (SchARP) automated payroll process has evolved into a robust, highly flexible workflow engine that drives payrolls from end-to-end with minimal manual intervention. The system offers automated monitoring that lets recordkeepers and their clients know when key payroll events have occurred and provides reminders when action needs to be taken. For recordkeeper clients using Schwab as their trading platform, SchARP Payroll provides full integration with Charles Schwab Bank trust and custody services ("Schwab Bank").

Following are details that highlight the simple workflow of the system and its beneficial features to Schwab RT recordkeepers.

Workflow Summary
This diagram summarizes the steps in the SchARP payroll workflow and shows sample notifications sent to the plan sponsor as well as interactions with Schwab Bank.
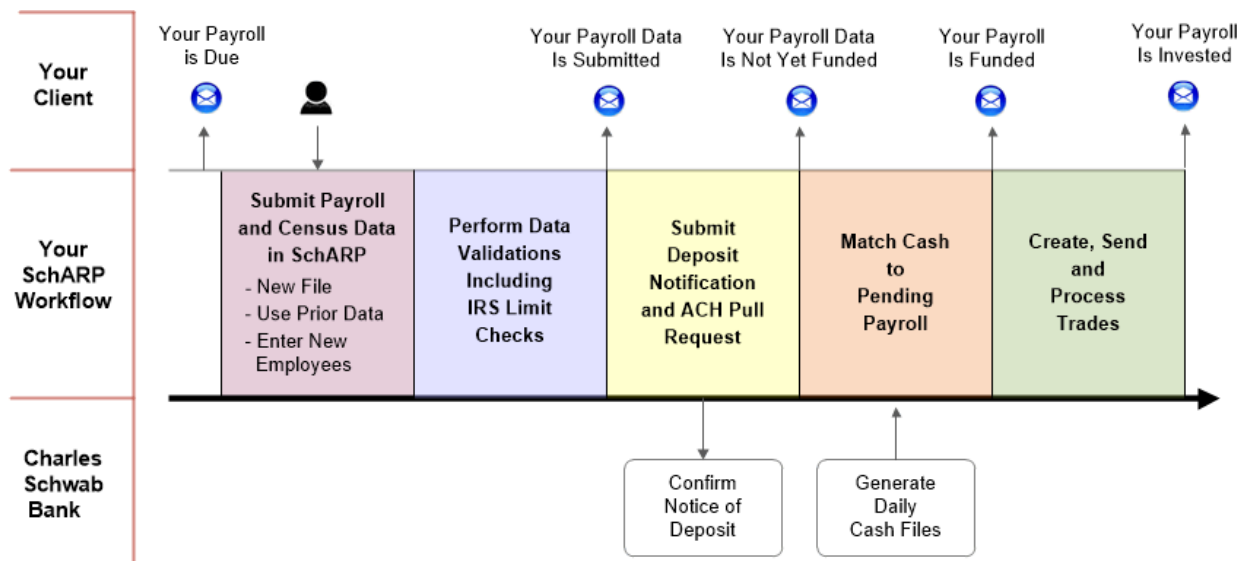
Flexible Payroll File Upload Options

Schwab RT's role-based security allows plan sponsors and other payroll processors to access SchARP to submit their payroll and census data. Three basic payroll upload options are available:

- **Upload Payroll File**—Users can upload payroll files for a scheduled or off-cycle pay date and view/adjust the contribution totals on file.

- **Use Previous Payroll File** — Users can edit the previously submitted payroll file for a selected plan/division combination and apply submitted changes for the newly selected payroll date.

- **Create a New Payroll** —Users can create a new payroll file from scratch, with the option to add all eligible participants or select specific participants.

Automatic Data Validation with IRS Limit Testing

SchARP payroll workflow includes a validation step that provides early error detection prior to submission of the payroll file, even before the recordkeeper touches it. The system displays payroll records with warnings or errors in color-coded grids, along with detailed reports. The validation step includes IRS Limit testing, which automatically determines whether any participant contributions have exceeded the annual IRS limit for the current payroll or may exceed the limit for the next payroll. IRS limit checks include testing for Elective Deferral Limits, Catch Up Limits, and Maximum Contribution Limits. Users can correct errors on the spot and submit the file for processing.

Single Point of Access for Funding Requests and Deposit Notifications

For retirement plans held at Schwab Bank, SchARP provides seamless integration with Schwab Bank during the payroll workflow cycle. Users can submit the required Notice of Deposit directly to Schwab Bank along with ACH Pull instructions to request funds for payroll trades from the plan sponsor's bank account. The submission is sent in real-time and the user receives a confirmation immediately. You can also specify payment by check, wire, or ACH credit.

Automated Cash Matching

Integration with Schwab Bank also allows SchARP to download intra-day cash activity files from Schwab Bank, match them against pending payrolls, and release the payroll trade orders automatically. The entire process can be completed without user intervention, while providing recordkeepers with options to manually override the automatic system match, if needed.

Automated Payroll Monitoring and Email Alerts

Payroll Monitoring options allow recordkeepers to track payroll activity across plans and generate automatic email notifications to designated client and internal users to keep them informed on the status of their payrolls. Email alerts can be sent to notify users that a payroll has been uploaded, funded, and invested. Options are also available to send reminders when there is an upcoming payroll, or if payroll data or funding is past due. These communications keep all interested parties informed and keep the payroll process on track.